

UTILITIES SERVICE BOARD MEETING  
February 20, 2006

UTILITIES SERVICE BOARD MEETINGS ARE RECORDED ELECTRONICALLY OR STENOGRAPHICALLY AND ARE AVAILABLE DURING REGULAR BUSINESS HOURS IN THE OFFICE OF THE DIRECTOR OF UTILITIES.

Board President Swafford called the regular meeting of the Utilities Service Board to order at 5:00 p.m. The meeting was held in Conference Room 100B at the Indiana University Research Park at 501 North Morton Street in Bloomington, Indiana.

Board members present: Tom Swafford, Tim Henke, Sam Vaught, Jeff Ehman, Susan Sandberg, John Whitehart and ex-officio member Tim Mayer. Staff members present: Patrick Murphy, John Langley, Mike Trexler, Adam Wason, Nathan Schulte, Jane Fleig, Mike Bengston, Patrick Stoffers, Ed Sherfield, Adrian Reid and Vickie Renfrow. Others present: Margaret Fette representing the Libertarian Party, Ben Beard representing Gentry Estates and Geoff McKim representing Technology Services Corporation.

MINUTES

BOARD MEMBER EHMAN MOVED AND BOARD MEMBER WHITEHART SECONDED THE MOTION TO APPROVE THE MINUTES OF THE FEBRUARY 6, 2006, MEETING. MOTION CARRIED. 6 AYES, 1 MEMBER ABSENT, (ROBERTS).

CLAIMS

BOARDMEMBER VAUGHT MOVED AND BOARDMEMBER EHMAN SECONDED THE MOTION TO APPROVE THE CLAIMS AS FOLLOWS:

CLAIMS 0690159 THROUGH 0690272 INCLUDING \$246,142.62 FROM THE WATER OPERATIONS & MAINTENANCE FUND, \$1,428.42 FROM THE WATER CONSTRUCTION FUND, AND \$650.00 FOR WATER HYDRANT METER RENTAL FOR A TOTAL OF \$248,221.04 FROM THE WATER UTILITY; CLAIMS 0630120 THROUGH 0630160 INCLUDING \$312,904.13 FROM THE WASTEWATER OPERATIONS & MAINTENANCE FUND FOR A TOTAL OF \$312,904.13 FROM THE WASTEWATER UTILITY; AND CLAIM 067009 FOR A TOTAL OF \$291,035.91 FROM THE WASTEWATER/STORMWATER UTILITY. TOTAL CLAIMS APPROVED - \$852,161.08.

Board member Vaught asked about claim 067009. Utilities director Murphy explained that it was for CBU's share of the West Kirkwood improvement project. CBU partnered with Public Works and HAND on this project. The claim was mostly for the storm water portion of the work. Mr. Vaught said that he had thought that CBU's part of the project was for labor. Mr. Murphy replied that CBU did not do the labor or install the storm water system. That was done by Rogers Group. The project came in \$100,000.00 below the projected budget.

Board member Henke asked what kind of documents or contracts exist between CBU and other city departments for these kind of interlocal agreements. Utilities director Murphy said that this was funded in the Extensions and Replacements budget. There was also an internal memorandum of understanding between all the departments involved in the project.

Ex-officio member Tom Micuda arrived at this time.

Board member Henke asked about claim 0630158. Finance Manager Stoffers explained that when CBU adopted the policy of accepting credit cards from customers they must be accepted for any purpose

according to the statute. In this case a credit card was accepted for a deposit on a hydrant. The money needed to be moved to a different account and the mechanism for doing that is to write a check from the one account and deposit it into the other account.

Board member Henke asked about claim 0690269 which is for \$0.00. Finance Manager Stoffers said that this claim used to be a part of the Auto Pays. When CBU moved their banking from Monroe Bank to Irwin Union Bank one last auto pay got through Monroe Bank. When it came back again it had already been paid so they had to zero out the claim.

MOTION CARRIED. 6 AYES, 1 MEMBER ABSENT, (ROBERTS).

AUTO-PAY & TRANSFERS FOR THE MONTH OF JANUARY, 2006.

VAUGHT MOVED AND HENKE SECONDED THE MOTION TO APPROVE THE AUTO-PAY & TRANSFERS FOR THE MONTH OF JANUARY 2006 IN THE AMOUNT OF \$643,389.50.

Board member Vaught asked about the item for the Department of Treasury. Finance Manager Stoffers said that he would get information about that to the USB the next day.

Board member Henke asked if NPC is for the credit cards. Mr. Stoffers replied that it is.

MOTION CARRIED. 6 AYES, 1 MEMBER ABSENT, (ROBERTS).

APPROVAL OF POSSIBLE TRANSFER OF A SMALL PARCEL OF PROPERTY IN BROWN COUNTY:

Attorney Vickie Renfrow with the City of Bloomington Legal Department explained that W.R. Dunn owns a piece of property that he thought went right up to North Shore Drive. It turned out that he was wrong. CBU owns a triangle of property that has Mr. Dunn's property land locked. This piece of property is at the boundary of the Lake Lemon Conservancy but is not in the Conservancy so there would be no need to release any land from that agreement. Mr. Dunn would have to get a surveyor to provide a legal description for this property. By state statute it would be necessary to advertise how much CBU wants to sell it for which would be based on the assessed value and the costs associated with the sale. Because the property is separated from the rest of the land that CBU owns and is not a buildable lot Ms. Renfrow said it makes more sense to grant a conveyance than grant an easement as was originally suggested. She is asking for the USB's approval to have Mr. Dunn survey the property and start in motion the advertising process that will ultimately probably allow this parcel to be conveyed to Mr. Dunn. The value of the property is probably about \$2,000.00 and the additional costs will be added on.

Board member Henke asked about the property on the south side of North Shore Drive which is owned by Allen Dunn. He wondered if it might be possible to trade the CBU property for some of Allen Dunn's property. Ms. Renfrow said that she thought that the statute would make it tricky to bring a third party into the agreement.

Mr. Henke asked that a meeting of the Property and Planning Committee be scheduled to update the members on the property owned by CBU.

Board President Swafford asked that Attorney Renfrow be sure that all costs associated with this sale be included.

BOARD MEMBER HENKE MOVED AND BOARD MEMBER EHMAN SECONDED THE MOTION TO APPROVE THE POSSIBLE TRANSFER OF THE SMALL PIECE OF PROPERTY IN BROWN COUNTY. MOTION CARRIED. 6 AYES. 1 MEMBER ABSENT (ROBERTS).

APPROVAL OF A RESOLUTION THAT RECOMMENDS TO THE COMMON COUNCIL THAT THEY APPROVE AMENDMENTS TO THE WATERWORKS AND SEWAGE WORKS BOND ORDINANCES TO ALLOW THE SALE OF BONDS THROUGH THE INDIANA BOND BANK:

Attorney Vickie Renfrow said that the resolution says that the USB is recommending to the Common Council that they approve two ordinances. One that modifies the existing Waterworks bond ordinance that was approved by the Council last April and the other modifies the existing Sewage Works ordinance that was approved by the Council in December. The changes are the insertion of "the Indiana Bond Bank" in a number of places as the route by which bonds may be sold and also substituting the name of the bond counsel because the bond counsel who did the ordinances will not be the one who will handle the sale. The reason for creating more options for the sale of bonds is because it allows them to be sold in pools with other entities. The Bond Bank facilitates sales for many different political entities. They get the best rates because a bigger sale of pooled bonds gets a better rate. They obtain the insurance for the bonds which makes them triple A rated bonds. The costs of issuance are equivalent to an open market bond sale. This does not effect the bonds that are being sold through the State Revolving Fund.

Board member Vaught asked what the additional costs are for selling through the Indiana Bond Bank. Ms. Renfrow replied that she had been told that while the way the charges are done is different it ends up being the same cost of issuance as a regular sale. It makes the costs more predictable. There is a risk that the people doing the bond insurance and underwriting the sale may see the audit comments as something that will negatively effect CBU's credit worthiness. The Indiana Bond Bank understands better than the open market what the significance of the audit comments is. They realize that while there are important issues to be addressed they don't go to the basic credit worthiness of the institution.

Board member Henke said that his understanding is that cost and interest rates are two different issues. Attorney Renfrow replied that the cost of issuance is the same but CBU couldn't expect to get as good an insurance rate through the open market because of the risk associated with the audit report. Ms. Renfrow said that CBU generally buys triple A bond insurance so the interest rate would probably be the same through the Indiana Bond Bank or on the open market. The cost of the bond insurance could be greater on the open market than through the Indiana Bond Bank. Mr. Henke asked to be notified of the cost of the bond insurance. Ms. Renfrow said that she would probably only get a lump sum figure for all the costs of selling the bonds.

Board member Henke asked if this ordinance changes the bond counsel. Attorney Renfrow said that the bond counsel has already been changed. Baker & Daniels, the former bond counsel, still take care of things like rolling over the storm water BAN because they had done the most recent wastewater closings. In the future bond issuance will be handled by Bingham McHale.

BOARD MEMBER VAUGHT MOVED AND BOARD MEMBER HENKE SECONDED THE MOTION TO APPROVE A RESOLUTION THAT RECOMMENDS TO THE COMMON COUNCIL THAT THEY APPROVE AMENDMENTS TO THE WATERWORKS AND SEWAGE WORKS BOND ORDINANCES TO ALLOW THE SALE OF BONDS THROUGH THE INDIANA BOND BANK. MOTION CARRIED. 6 AYES, 1 MEMBER ABSENT (ROBERTS).

OLD BUSINESS:

Utilities Director Murphy said that when the Property and Management Committee meets it should also

consider what should be done with the Griffy property which requires maintenance. A long term plan should be made for that property.

#### NEW BUSINESS:

No new business was presented.

#### SUBCOMMITTEE REPORTS:

Board member Vaught reported that the Administrative Subcommittee had met on February 9<sup>th</sup> to review one request for a rate adjustment. The customer had a leaky toilet and was requesting that some of the fees be waived. Because the water had gone through the sewer system and had been processed the committee did not find any reason to make a rate adjustment so the request was denied.

BOARD MEMBER WHITEHART SECONDED THE RECOMMENDATION OF THE ADMINISTRATIVE SUBCOMMITTEE. MOTION CARRIED. 6 AYES, 1 MEMBER ABSENT, (ROBERTS).

Board President Swafford reported that a combined meeting of the Finance Subcommittee and the Task Force took place on February 13<sup>th</sup>. They were given an update on action that has taken place since the audit. Mr. Swafford said that a lot of very positive things are going on. He hopes to have a report from Crowe Chizek for the USB in the next 30 to 45 days. The issues raised in the audit are being corrected and Mr. Swafford commended the Utilities staff for the job they are doing.

Utilities Director Murphy said that the final audit report is the blue print that is being used for an action plan. Crowe Chizek is working on this plan with the staff.

#### STAFF REPORTS:

Finance manager Stoffers presented the USB with a report on the utilization of credit cards in the time since the Board allowed customers to begin paying their bills with credit cards. He said that most of the time the cashiers only take credit cards from people who come to pay in person. Occasionally a payment will be taken over the phone but it is flagged as if it is a visit in person. After five months credit card utilization is at 22%. The average monthly credit card receipts have been \$27,500 which is above the \$20,000 that had been projected. Mr. Stoffers had estimated that the fees would be about 2.01% but they have come in at 2.86% due the higher average receipts. There have also been four changes in the Federal Fund target rate since CBU began to accept credit cards. That has a domino effect through financial institutions which causes a higher cost for credit cards. CBU also changed banks which helps to explain the higher rate. Anything under 3% is customary and usual.

Board member Vaught asked if there is a fixed rate for all the cards. Mr. Stoffers replied that there are a variety of fees for the cards based on different things like whether it's a credit or debit card, what is the issuing bank and what the quality of credit for the card is. Mr. Vaught asked if Mr. Stoffers knew where CBU is in the tier structure. Mr. Stoffers said that CBU cooperated with the City of Bloomington which means CBU has the same NPC contract with the State of Indiana that the civil city does.

Board member Henke asked if people who pay their Utilities bills at the bank can use a credit card. Mr. Stoffers replied that CBU's bank will take a counter check but won't take a credit card.

Board member Ehman asked if the customer is paying for the transaction or if CBU pays for it. Mr. Stoffers said that CBU pays the cost of the transaction.

Board President Swafford commented that he is amazed by the number of walk in customers that CBU has.

PETITIONS AND COMMUNICATIONS:

There were no petitions or communications.

ADJOURNMENT:

The meeting was adjourned at 5:40 p.m.

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L. Thomas Swafford, President